

HB 1: Section by Section Summary

Sec. #	Statute Ref.	Description										
1	6.350	<ul style="list-style-type: none">Amends the requirements for an actuarial analysis on bills affecting a state-administered retirement system. Specifically, the amendment requires the actuarial analysis to show the affect on retirement systems' actuarial accrued liability and employer costs over a 20 year period (statute currently requires showing cost over a 10 year period). It also requires the actuary performing the analysis to clearly state each new assumption used in the analysis and clarifies that the analysis shall be completed by the retirement systems actuary at no cost to the General Assembly; makes additional technical amendments.										
2	6.521	<ul style="list-style-type: none">For Legislators Retirement Plan current and future retirees: Sets COLA on or after July 1, 2009 at 1.5% and allows the General Assembly to appropriate higher amount (if prefunded).										
3	6.505	<ul style="list-style-type: none">Increases the employee contribution rate for new legislators who begin office on or after September 1, 2008, from 5% to 6%.										
4	21.405	<ul style="list-style-type: none">For Judicial Retirement Plan current and future retirees: Sets COLA on or after July 1, 2009 at 1.5% and allows the General Assembly to appropriate higher amount (if prefunded).										
5	21.360	<ul style="list-style-type: none">Increases the employee contribution rate for new judges who begin office on or after September 1, 2008, from 5% to 6%.										
6	16.505	<ul style="list-style-type: none">For SPRS members hired on or after September 1, 2008:<ul style="list-style-type: none">Final Compensation: Removes lump-sum compensatory payments from being used to compute final compensation.Final Compensation: Requires the high-3 final compensation be the highest 3 complete fiscal years, each fiscal year must contain 12 months.For SPRS, KERS Hazardous, and CERS Hazardous hired on or after September 1, 2008, clarifies that eligibility for a reduced benefit at age 50 w/15 years of service shall not include purchased service and establishes normal retirement age of 60 (for age 60 w/5 years of service retirement requirement).										
7	16.560	<ul style="list-style-type: none">For SPRS members hired on or after September 1, 2008, the bill fixes interest on the member's account at 2.5%. Currently, the board determines the interest on the member's account but it can't be less than 2.5%. The interest rate is given to provide a value to the member's account in the event they terminate employment and withdrawal their account balance.										
8	16.576	<ul style="list-style-type: none">For SPRS, KERS Hazardous, and CERS Hazardous hired on or after September 1, 2008:<ul style="list-style-type: none">Clarifies that eligibility for an unreduced benefit at age 55 w/5 years of service shall not include purchased service.Establishes the following retirement multiplier (increases as employee reaches each service credit level). <table><tr><th><u>Yrs. Service At Retirement</u></th><th><u>Benefit Factor</u></th></tr><tr><td>10 or less</td><td>1.30%</td></tr><tr><td>Greater than 10, but no more than 20</td><td>1.50%</td></tr><tr><td>Greater than 20, but less than 25</td><td>2.25%</td></tr><tr><td>Above 25</td><td>2.50%</td></tr></table>	<u>Yrs. Service At Retirement</u>	<u>Benefit Factor</u>	10 or less	1.30%	Greater than 10, but no more than 20	1.50%	Greater than 20, but less than 25	2.25%	Above 25	2.50%
<u>Yrs. Service At Retirement</u>	<u>Benefit Factor</u>											
10 or less	1.30%											
Greater than 10, but no more than 20	1.50%											
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Above 25	2.50%											
9	16.577	<ul style="list-style-type: none">For SPRS, KERS Hazardous, and CERS Hazardous hired on or after September 1, 2008:<ul style="list-style-type: none">Clarifies that the penalty on retiring with a reduced benefit is the amount determined by the actuary.Establishes that new hires can retire with no reduction in benefits at 25 years of service.										
10	61.510	<ul style="list-style-type: none">For KERS members hired on or after September 1, 2008:<ul style="list-style-type: none">Final Compensation: Removes lump-sum compensatory payments from being used to compute final compensation.Final Compensation: For KERS hazardous, requires the high-3 final compensation be the highest 3 complete fiscal years, each fiscal year must contain 12 months.For KERS non-hazardous, requires the high-5 final compensation be the 5 complete fiscal years immediately preceding retirement, each fiscal year must contain 12 months.										

11	61.546	<ul style="list-style-type: none">For KERS and SPRS members hired on or after September 1, 2008, limits service credit awarded for accumulated sick leave at retirement to 12 months. The 12 months shall only be used to determine the amount of the retirement allowance and not for purposes of determining retirement eligibility. Currently, there is no cap on sick leave for KERS and SPRS members on sick leave service credit.Effective July 1, 2010, requires the last participating employer to pay the full cost of all sick leave for KERS and SPRS members.																																																																
12	61.552	<ul style="list-style-type: none">Ensures an employee hired on or after September 1, 2008, who was not reported to the retirement systems by their agency for service worked will not be penalized under the new retirement eligibility provisions.																																																																
13	61.5525	<ul style="list-style-type: none">For service purchases made by all employees on or after September 1, 2008, the actuarial factors used to determine the purchase cost shall assume the earliest date the member may retire without a reduction in benefits and cost of living adjustments provided to the employee upon retirement.																																																																
14	61.559	<ul style="list-style-type: none">For non-hazardous KERS and CERS members hired on or after September 1, 2008, the member can retire under the following provisions:<ul style="list-style-type: none">Age 65 w/5 years of service orRule of 87 (age+service=87) with a minimum age of 57 orAge 60 w/10 years of service																																																																
15	61.565	<ul style="list-style-type: none">For fiscal years beyond 2010, establishes the following schedule towards meeting the actuarial required contribution.<table><tr><td><u>FY Ended</u></td><td><u>KERS Non-hazardous</u></td><td><u>KERS Hazardous</u></td><td><u>SPRS</u></td></tr><tr><td>2011</td><td>44%</td><td>76%</td><td>60%</td></tr><tr><td>2012</td><td>48%</td><td>79%</td><td>65%</td></tr><tr><td>2013</td><td>53%</td><td>83%</td><td>70%</td></tr><tr><td>2014</td><td>57%</td><td>86%</td><td>75%</td></tr><tr><td>2015</td><td>61%</td><td>89%</td><td>80%</td></tr><tr><td>2016</td><td>65%</td><td>92%</td><td>85%</td></tr><tr><td>2017</td><td>69%</td><td>95%</td><td>90%</td></tr><tr><td>2018</td><td>73%</td><td>98%</td><td>95%</td></tr><tr><td>2019</td><td>77%</td><td>100%</td><td>98%</td></tr><tr><td>2020</td><td>81%</td><td></td><td>100%</td></tr><tr><td>2021</td><td>85%</td><td></td><td></td></tr><tr><td>2022</td><td>89%</td><td></td><td></td></tr><tr><td>2023</td><td>93%</td><td></td><td></td></tr><tr><td>2024</td><td>97%</td><td></td><td></td></tr><tr><td>2025</td><td>100%</td><td></td><td></td></tr></table>	<u>FY Ended</u>	<u>KERS Non-hazardous</u>	<u>KERS Hazardous</u>	<u>SPRS</u>	2011	44%	76%	60%	2012	48%	79%	65%	2013	53%	83%	70%	2014	57%	86%	75%	2015	61%	89%	80%	2016	65%	92%	85%	2017	69%	95%	90%	2018	73%	98%	95%	2019	77%	100%	98%	2020	81%		100%	2021	85%			2022	89%			2023	93%			2024	97%			2025	100%		
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16	61.575	<ul style="list-style-type: none">For KERS members hired on or after September 1, 2008, the bill fixes interest on the member's account at 2.5%. Currently, the board determines the interest on the member's account but it can't be less than 2.0%. The interest rate is given to provide a value to the member's account in the event they terminate employment and withdrawal their account balance.																																																																
17	61.592	<ul style="list-style-type: none">Amends definition of a hazardous duty position for CERS employees hired on or after September 1, 2008. Provides that an agency desiring to provide hazardous duty coverage for CERS employees hired on or after September 1, 2008, shall petition the board for coverage. Amends hazardous duty certification process for CERS employees hired on or after September 1, 2008.																																																																

18	61.595	<ul style="list-style-type: none">For non-hazardous KERS and CERS members hired on or after September 1, 2008:<ul style="list-style-type: none">Establishes the following retirement multiplier (increases as employee reaches each service credit level).<table><tr><th><u>Yrs. Service At Retirement</u></th><th><u>Benefit Factor</u></th></tr><tr><td>10 or less</td><td>1.10%</td></tr><tr><td>Greater than 10, but no more than 20</td><td>1.30%</td></tr><tr><td>Greater than 20, but no more than 26</td><td>1.50%</td></tr><tr><td>Greater than 26, but no more than 30</td><td>1.75%</td></tr><tr><td>For years in excess of 30</td><td>2.00%</td></tr></table><ul style="list-style-type: none">Clarifies that the penalty on retiring with a reduced benefit is the amount determined by the actuary.Provides that the member can retire with no reduction in benefits if the member meets the rule of 87.	<u>Yrs. Service At Retirement</u>	<u>Benefit Factor</u>	10 or less	1.10%	Greater than 10, but no more than 20	1.30%	Greater than 20, but no more than 26	1.50%	Greater than 26, but no more than 30	1.75%	For years in excess of 30	2.00%
<u>Yrs. Service At Retirement</u>	<u>Benefit Factor</u>													
10 or less	1.10%													
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For years in excess of 30	2.00%													
19	61.635	<ul style="list-style-type: none">For KERS, CERS, and SPRS retiring after January 1, 2009: Removes Partial Lump Sum Option (PLSO) as an optional payment option at retirement.												
20	61.637	<ul style="list-style-type: none">For KERS, CERS, and SPRS retirees who are reemployed on or after September 1, 2008: Requires 3 month break in employment and provides that the employee will not earn a second account if returning to work after a 3 month break. Exception: If the member is retired from a hazardous duty position and returns to work in a full-time hazardous duty position, only a 1 month break is required. Require employer to continue paying employer contributions during period of reemployment for fulltime employees and to pay for the cost of the retiree's insurance premium, not to exceed the single premium cost, if the retiree takes coverage through the retirement systems.												
21	61.645	<ul style="list-style-type: none">KRS Board of Trustees: Limits elected trustees of the KRS Board to 3 terms. Urges the board to administer the systems in a cost-effective manner. Establish formal trustee education program and require the board to file the education program by regulation. Establish reporting requirements for the board regarding board meetings, board minutes, board reports, and investment/financial data.												
22	61.680	<ul style="list-style-type: none">Make technical amendments to conform to other sections in the bill.												
23	61.691	<ul style="list-style-type: none">For KERS, CERS, and SPRS current and future retirees: Sets COLA on or after July 1, 2009 at 1.5% and allows the General Assembly to appropriate higher amount (if prefunded).												
24	61.702	<ul style="list-style-type: none">For KERS, CERS, and SPRS employees who begin participating on or after September 1, 2008:<ul style="list-style-type: none">Establish 1% employee contribution to the Insurance Trust Fund for medical benefits.Increase vesting for health benefits from 10 to 15 years (would be required to meet rule of 87 or age minimum age 60 w/15 years service in order to retire and receive benefits).For KERS, CERS, SPRS employees hired on or after July 1, 2003, adjust the monthly benefit increase for health insurance from the CPI-U to 1.5% annually.												
25	78.510	<ul style="list-style-type: none">For CERS members hired on or after September 1, 2008:<ul style="list-style-type: none">Final Compensation: Removes lump-sum compensatory payments from being used to compute final compensation.Final Compensation: For CERS hazardous, requires the high-3 final compensation be the highest 3 complete fiscal years, each fiscal year must contain 12 months.For CERS non-hazardous, requires the high-5 final compensation be the 5 complete fiscal years immediately preceding retirement, each fiscal year must contain 12 months.												
26	78.616	<ul style="list-style-type: none">For a CERS member hired on or after September 1, 2008, limits service credit awarded for accumulated sick leave at retirement to 12 months. The 12 months shall only be used to determine the amount of the retirement allowance and not for purposes of determining retirement eligibility.												
27	78.640	<ul style="list-style-type: none">For CERS members hired on or after September 1, 2008, the bill fixes interest on the member's account at 2.5%. Currently, the board determines the interest on the member's account but it can't be less than 2.0%. The interest rate is given to provide a value to the member's account in the event they terminate employment and withdrawal their account balance.												
28	161.155	<ul style="list-style-type: none">For teachers and school employees hired on or after July 1, 2008: Limits sick leave used for												

		retirement purposes to 300 days.																						
29	161.220	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008:<ul style="list-style-type: none">Removes lump-sum compensatory payments and annual leave payments at termination of employment from being used to compute final average salary.Fixes interest on the member's account at 2.5%. Currently, interest on the member's account is 3.0%. The interest rate is given to provide a value to the member's account in the event they terminate employment and withdrawal their account balance.																						
30	161.250	<ul style="list-style-type: none">Limits elected trustees of the KTRS Board to 3 terms. Establish formal trustee education program and require the board to file the education program by regulation. Establish reporting requirements for the board regarding board meetings, board minutes, board reports, and investment/financial data.																						
31	161.420	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, increases employee contribution to health insurance fund by 1%.																						
32	161.430	<ul style="list-style-type: none">Urges the board to administer the systems in a cost-effective manner.																						
33	161.440	<ul style="list-style-type: none">Makes technical amendment to conform to other sections in the bill.																						
34	161.540	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, increases total employee contribution rate to provide for increased health fund contribution as provided by Section 31 of this Act.																						
35	161.545	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, provides that non-current FMLA leave may be purchased only at full actuarial cost.																						
36	161.5465	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, removes purchase of non-qualified (airtime) except that an employee with 26 years and 2 months but no more than 27 years at the end of the school year may purchase up to 10 months to complete full retirement.																						
37	161.600	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, increases requirement for a reduced benefit from 5 to 10 years of service and increases penalty by 1% per year for each year short of 27 years or age 60.																						
38	161.605	<ul style="list-style-type: none">For KTRS employees and retirees, adds an additional option upon returning to work after retirement where the employee can waive their retirement allowance during the period of employment and then have their retirement recalculated upon termination of employment with the additional salary and service earned during the period of reemployment.																						
39	161.620	<ul style="list-style-type: none">For KTRS members who are teachers hired on or after July 1, 2008:<table><tr><th><u>Yrs. Service At Retirement</u></th><th><u>Benefit Factor</u></th></tr><tr><td>10 or less</td><td>1.70%</td></tr><tr><td>Greater than 10, but no more than 20</td><td>2.00%</td></tr><tr><td>Greater than 20, but no more than 26</td><td>2.30%</td></tr><tr><td>Greater than 26, but no more than 30</td><td>2.50%</td></tr><tr><td>For years in excess of 30</td><td>3.00%</td></tr></table>For KTRS members who are university personnel hired on or after July 1, 2008:<table><tr><th><u>Yrs.. Service At Retirement</u></th><th><u>Benefit Factor</u></th></tr><tr><td>10 or less</td><td>1.50%</td></tr><tr><td>Greater than 10, but no more than 20</td><td>1.70%</td></tr><tr><td>Greater than 20, but less than 27</td><td>1.85%</td></tr><tr><td>27 or more</td><td>2.00%</td></tr></table>	<u>Yrs. Service At Retirement</u>	<u>Benefit Factor</u>	10 or less	1.70%	Greater than 10, but no more than 20	2.00%	Greater than 20, but no more than 26	2.30%	Greater than 26, but no more than 30	2.50%	For years in excess of 30	3.00%	<u>Yrs.. Service At Retirement</u>	<u>Benefit Factor</u>	10 or less	1.50%	Greater than 10, but no more than 20	1.70%	Greater than 20, but less than 27	1.85%	27 or more	2.00%
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40	161.623	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, clarifies sick leave provisions in alternate sick leave program.																						
41	161.675	<ul style="list-style-type: none">For KTRS employees hired on or after July 1, 2008, increases minimum vesting for health benefits to 15 years.																						
42	161.603	<ul style="list-style-type: none">Repealed																						
43	Noncodified	<ul style="list-style-type: none">Sets CERS employer rates at 13.50% and 29.50% for 2009 fiscal year.																						
44	Noncodified	<ul style="list-style-type: none">Establishes that board term limits for KRS and KTRS that are specified in the bill will apply to terms beginning after July 1, 2008.																						
45	Noncodified	<ul style="list-style-type: none">Declare emergency.																						